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FOR IMMEDIATE RELEASE:

**INVESTMENT ADVISOR SENTENCED
IN \$3.8 MILLION DOLLAR FRAUD**

PRESS RELEASE

Susan W. Brooks, United States Attorney for the Southern District of Indiana, announced that JEFFREY DUNHAM, 53, of Indianapolis, Indiana, was sentenced to 36 months imprisonment today by U.S. District Judge Sarah E. Barker following his guilty plea to mail fraud. This case was the result of an investigation by the U.S. Postal Inspection Service and the Federal Bureau of Investigation.

JEFFREY DUNHAM organized Blackstone Financial Services in Indiana around 1995, as an investment company that solicited money from individuals for retirement and estate planning purposes.

Approximately 35 investors gave money to DUNHAM, in the name of Blackstone Financial Services, and these funds were used to fund the day to day operation of the business, not invested as initially promised, including paying salaries and overhead. Investor funds

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were also used for numerous personal expenses, such as car payments and child support, and to invest in, and run, a mortgage lending business called Dominion Mortgage. This included the purchase of an existing mortgage business in Ohio called Buckeye Mortgage Company.

DUNHAM did invest substantial amounts of the investors money in viatical related investments, through a company called Trade Partners. However, these investments were not made in the name of the investors, but instead in the name of Blackstone, so that DUNHAM controlled the investments. Eventually DUNHAM, through Trade Partners, bartered those investments for an entirely different type of investment called “trade credits” which purported to be investments in real estate. Other investor money was used to make payments to the investors as returns on capital.

In the spring of 2000, the mortgage business failed, the trade credits appeared to be valueless, and additional investment income dried up. DUNHAM was unable to continue to make payments to the investors as promised, and many of the investors called lawyers and law enforcement authorities. By early May 2000, the United States Postal Inspectors had opened an investigation into the DUNHAM’s activities. Shortly thereafter DUNHAM filed bankruptcy. Approximately 35 investors have documented losses of nearly \$3.8 million.

The bankruptcy trustee filed suit against Trade Partners based on the exchange of viaticals for “trade credits.” A settlement was reached in which Trade Partners paid approximately \$1,250,000 to the trustee, which in turn will be disbursed in part to all the creditors, including the investors.

According to Assistant United States Attorney Winfield D. Ong, who prosecuted the case for the government, Judge Barker also imposed 3 years supervised release following Dunham's release from imprisonment. Dunham was ordered to make restitution in the amount of \$3,811,165.

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